

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

March 18, 2002  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger, Councilmembers Creighton, Davidson, Lee, Mosher, and Noble

ABSENT: None.

1. Executive Session

Mayor Marshall opened the meeting at 6:00 p.m. and announced recess to executive session for approximately one hour to discuss one item of labor negotiations, one item of potential litigation, and one item of property acquisition. At 7:29 p.m., the meeting resumed with Mayor Marshall presiding.

2. Study Session

(a) Puget Sound Energy Franchise Renewal

City Manager Steve Sarkozy said the purpose of this agenda item is to discuss the franchise renewal for Puget Sound Energy, the city's sole electric utility. The current franchise agreement was set to expire on January 1, 2002, but was extended for 18 months by Resolution No. 6640 approved by Council on December 10, 2001.

Assistant Transportation Director Nora Johnson noted that the City also has a natural gas franchise agreement with Puget Sound Energy. She said staff is seeking Council direction tonight regarding franchise priorities and negotiating objectives for the electrical franchise. Ms. Johnson explained the City's complex relationship with Puget Sound Energy as a customer, joint user of the right-of-way, occasional project partner, and regulator. The City's regulatory authority is shared with the Washington Utilities and Transportation Commission (WUTC), which regulates the rates, services, facilities, and practices of Puget Sound Energy. The City regulates the use of the streets and right-of-way. Ms. Johnson said this discussion relates only to the City's franchising authority and Puget Sound Energy's use of the right-of-way.

David Kerr, Franchise Manager, reviewed the following franchise priorities developed through a cooperative effort of several City departments:

- Improve reliability and performance through the use of performance measures, enforcement provisions, adequate insurance and protection, and collaboration on emergency management operations.
- Establish relocation responsibilities for projects.
- Develop undergrounding program. Staff will provide a full report to Council on this initiative later this year.
- Secure City network facilities.
- Work with Puget Sound Energy on vegetation management plan.

Mr. Kerr reviewed the next steps in the process: 1) franchise negotiations, 2) return to Council with draft agreement for discussion and consideration, and 3) approval of new electric franchise agreement targeted for May 2003.

Mr. Mosher feels the establishment of relocation responsibilities is an important issue, particularly if a third party is involved in requesting the relocation.

Responding to Mr. Lee, Ms. Johnson said an undergrounding program will be developed by staff and presented to Council later this year in connection with upcoming budget discussions.

Deputy Mayor Degginger emphasized the importance of the right-of-way as an asset owned and managed by the City. He encouraged staff to ensure that utility relocation costs are allocated appropriately for the use of the right-of-way. He feels there is a need to clarify the City's policies regarding tree and vegetation management.

In response to Mr. Creighton, Mr. Kerr said the City has a separate franchise agreement with Puget Sound Energy regarding the gas utility, which does not expire for another two years. Mr. Creighton encouraged a coordinated effort to negotiate franchise agreements for both utilities.

Responding to Dr. Davidson, Mr. Kerr noted the City's interest in adding enforcement mechanisms to the franchise agreements to encourage and promote compliance of franchise requirements.

Responding to Mr. Noble, Mr. Kerr said Puget Sound Energy's current litigation before the WUTC revolves around tariff, not franchise, issues. Mayor Marshall asked staff to provide briefings for the Council on this issue.

Mayor Marshall encouraged staff to develop tree management requirements internally between departments before negotiating this issue with Puget Sound Energy or another outside party.

(b) General Contractor/Construction Manager Approval Process for Meydenbauer Center Expansion

Mr. Sarkozy noted that the State Legislature passed a bill last year to allow cities with a population greater than 70,000, and public authorities chartered by authorized cities, to follow alternative public works contracting procedures. He introduced staff to discuss the potential use of this procedure in the expansion of Meydenbauer Center.

Planning and Community Development Director Matt Terry introduced Carla Weinheimer, the City's new Community Development Manager. Mr. Terry recalled that Schnitzer Northwest purchased property adjacent to Meydenbauer Center two years ago. Last week, Schnitzer submitted an application for a hotel to be located immediately north of the convention center site. The development could include office space, retail, restaurants, and potentially a second, smaller hotel. As part of an overall readiness strategy, Council adopted development principles in 1997 to guide the expansion process. The next step in the process is the authorization of the general contractor/construction manager (GC/CM) approach.

Mr. Terry said staff is currently updating the financial plan for convention center expansion, which will be presented to Council and the public by early summer. He recalled that the City previously secured the option to purchase property to expand the convention center. The next steps will be a decision to proceed with property acquisition and completion of a design for the expansion project.

Ms. Weinheimer provided the legal definition, from RCW 29.10.061, of a general contractor/construction manager: "A firm with which a public body has selected and negotiated a Maximum Allowable Construction Cost to be guaranteed by the firm, after competitive selection through formal advertisement and competitive bids, to provide services during the design phase that may include life-cycle cost design considerations, value engineering, scheduling, cost estimating, constructability, alternative construction options for cost savings, and sequencing of work, and to act as the construction manager and general contractor during the construction phase."

Ms. Weinheimer said the following three-step process will be initiated if Council wishes to pursue the GC/CM approach for the expansion of Meydenbauer Center: 1) preliminary determination by Council, 2) public outreach and hearing, and 3) final determination. The GC/CM approach can be employed for public works projects valued over \$12 million if a project involves complex scheduling **or** existing facilities need to remain operational **or** involvement of the GC/CM during the design phase is critical to the success of the project.

Ms. Weinheimer said staff recommends the GC/CM approach to ensure an early commitment to construction phasing and scheduling, the introduction of cost and constructability controls during the design process, an early commitment to a Cost Model, and the ability to manage coordination issues with the adjacent property developer in a timely manner.

Mr. Terry asked Council to consider the use of the GC/CM approach for the expansion of Meydenbauer Center. If Council approves, staff will return on April 1 with a resolution to adopt preliminary findings and proceed with a public hearing.

Mr. Mosher feels the GC/CM approach will help control costs and allow the project to proceed in an expeditious manner.

Responding to Mr. Noble, Ms. Weinheimer said one advantage of the GC/CM approach is the ability to "fast track" construction phases in order to better coordinate construction with the

adjacent private development project. Mr. Noble noted a recent “60 Minutes” story that outlined some of the pitfalls of “fast track” construction in federal government projects.

Mr. Mosher noted that the “60 Minutes” story focused on highly theoretical types of construction in which key construction components were unknown at the outset. He said the expansion of Meydenbauer Center is not this type of construction project.

Mr. Lee asked how the City would avoid a potential disadvantage of the GC/CM approach in which the GC/CM could be overly conservative in cost estimating, resulting in a later reduction of project scope. Ms. Weinheimer said staff experts would work closely with the GC/CM to develop cost estimates in order to control this risk. Mr. Lee strongly encouraged staff to build safeguards into the process to handle this potential situation.

Mr. Degginger said the GC/CM approach involves the general contractor in the design process, which should result in fewer change orders and lower overall risk. Mr. Terry agreed that this is probably the biggest benefit of the approach.

- Dr. Davidson moved to direct staff to prepare a resolution containing a preliminary determination that use of the GC/CM (general contractor/construction manager) contracting procedure is the appropriate procedure for construction to expand Meydenbauer Center. Mr. Mosher seconded the motion.
- The motion to direct staff to prepare a resolution containing a preliminary determination that use of the GC/CM (general contractor/construction manager) contracting procedure is the appropriate procedure for construction to expand Meydenbauer Center carried by a vote of 7-0.

At 8:02 p.m., Mayor Marshall declared recess to the regular session and noted that Council will resume the study session later in the evening. Council returned to the study session at approximately 9:05 p.m.

(c) Deployment of Wireless Telecommunications Services

Mr. Sarkozy said the purpose of this agenda item is a discussion of the City’s *Statement of Interest – Telecommunications* and the best way to approach the deployment of wireless facilities throughout the community.

Mr. Kerr said the Planning and Community Development and Transportation Departments have worked extensively with many wireless providers to develop a strategy for moving forward with the deployment of wireless facilities. Staff is scheduled to return to Council on May 6 to present a deployment alternative. This deployment raises a number of issues including the protection of neighborhood character, the desire for widespread availability of telecommunications services, and the desire of the City to facilitate competition between providers and technologies.

Mr. Kerr said wireless deployment is currently regulated by the Land Use Code, which includes hierarchies for design and location that direct wireless deployment away from residential

development. He said there is a need to review such policies in order to plan for the expansion of both business and residential wireless applications. Mr. Kerr said wireless providers have complained that the City's current regulations restrict residential wireless deployment.

Mr. Kerr said one solution discussed so far between City staff and wireless providers is to allow some subset of deployment through a right-of-way approach rather than through the current Land Use Code regulations. Within this alternative, there is a continuum of deployment models ranging from current Land Use Code regulations with location and design hierarchies to deployment in the right-of-way with limited design or location constraints. The resolution of certain policy issues will determine where Bellevue falls on the continuum. Policy issues largely surround the balance between a desire for the widespread availability of wireless services and the desire to preserve neighborhood character.

Mr. Kerr posed the following question for the May 6 Council discussion – Should wireless right-of-way deployment be permitted without current Land Use review? Issues include pole, antenna, and equipment design and location and co-location provisions. Mr. Kerr displayed a series of slides showing different pole, antenna, and equipment cabinet designs.

Deputy Mayor Degginger encouraged the development of design guidelines and specific parameters that will provide consistency and uniformity in the appearance of facilities and equipment throughout the city. In response to Mr. Degginger, Mr. Kerr said Puget Sound Energy has been involved in the discussions with wireless providers.

Responding to Dr. Davidson, Mr. Kerr said discussions so far have addressed the replacement of existing poles with wireless antennas and equipment. Transportation Director Goran Sparrman said the City would need to develop a standard for areas without existing light or utility poles.

Mr. Mosher encouraged staff to research how other cities across the nation and in other countries are handling the deployment of wireless technologies.

Mr. Lee concurred with Mr. Degginger's comments regarding the uniformity of equipment. Mr. Lee feels it is important to develop a comprehensive plan identifying specific streets, highways, and/or areas for wireless deployment.

Mr. Degginger encouraged cooperation among providers, perhaps through structured incentives, in order to ensure the location of facilities as compactly and unobtrusively within the community as possible. He also encouraged public involvement in the review of alternative solutions.

Mr. Creighton expressed an interest in finding a middle ground; for example, an approach in which the City would encourage the co-location of attractive facilities and help the private sector to work together more efficiently.

Responding to Mr. Mosher, Mr. Kerr confirmed there are tradeoffs in terms of pole size and coverage area (more small poles vs. fewer tall poles to provide adequate coverage).

Mr. Lee observed that the general approach appears to be in conflict with the City's goal to underground utility equipment and facilities. Mr. Kerr replied that the WUTC establishes rules for undergrounding. He noted that even if utilities are placed underground, there are likely to be street lights that could be used for wireless deployment. Mr. Kerr said the undergrounding of utilities and wireless right-of-way deployment are not mutually exclusive objectives.

Mayor Marshall emphasized Council's goal to underground utilities as much as possible, especially in residential areas. Therefore, allowing wireless deployment on utility poles could provide a disincentive to Puget Sound Energy to underground its facilities. Mrs. Marshall summarized the desire of several Councilmembers for a roadmap of wireless deployment providing an inventory of potential sites at city facilities/parks and other locations and the identification of service area gaps. She discussed the importance of involving the public in these discussions.

Mr. Creighton encouraged staff to research wireless deployment in Europe, where cell phone use is even more widespread than here. He acknowledged that Bellevue's hilly terrain poses additional challenges, however.

Mayor Marshall declared the meeting adjourned at 9:33 p.m.

Myrna L. Basich  
City Clerk

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